

23 MAY 1983

83-12921/6

MEMORANDUM FOR: DA Management Staff

ATTENTION:

FROM:

Acting Director of Logistics

SUBJECT: Required Payment of Federal Salaries by  
Electronic Fund Transfer

REFERENCE: Multiple addressee memo fm ADDA, dtd 16 May 83,  
same subject (DDA 83-1292/1)

1. In response to the referent, the Office of Logistics (OL) has reviewed the draft bill and explanatory letter for requiring the use of Electronic Fund Transfer (EFT) to pay wages and salaries of Federal employees. It is apparent from the review that there are substantial economies to be realized through mandatory EFT, and if enacted, the bill would incorporate adequate provision for exception [redacted]

[redacted] where necessary. Therefore, OL supports the proposal from an economic and pay administration standpoint. However, as proposed, the bill fails to recognize several important factors in the employee compensation process. First and foremost, the proposed bill fails to recognize the right of individuals to choose how their earnings are disbursed. Secondly, the proposed bill assumes that all banks have EFT capability and that all employees place their earnings in a bank or banking institution. This bill would force those who do not use banks to begin using them. Finally, mandatory EFT would infringe upon an individual's right to privacy with regard to his/her earnings. The OL would, therefore, anticipate significant employee opposition to the mandatory adoption of EFT.

2. If additional information is desired, please contact [redacted] OL/P&PS, extension [redacted]

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